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FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Modern Slavery Assessment Report 2023

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Introduction

This Modern Slavery Statement (Statement) has been developed and submitted in accordance with the Commonwealth Modern Slavery Act 2018 (the Act) which came into force in 2019.

The Act requires FSMA to provide a statement identifying the actions taken to ensure Modern Slavery is not taking place in its operations or supply chains during the reporting period. This is FSMA’s fourth Statement covering our 2023 financial year (July 1, 2022 – June 30, 2023)

This Modern Slavery statement addresses the reporting required under the Act using valuable input from a wide range of internal stakeholders and suppliers.

This statement covers:

Friendly Society Medical Association Limited (FSMA), trading as National Pharmacies, and its wholly owned subsidiary National Pharmacies Australia Pty Ltd (FSMA Group).

National Pharmacies Australia Pty Ltd is a dormant company that holds a wholesale dealer’s licence, which is not used, and has minimal financial transactions.

As a part of FSMA’s overall commitment to supporting human rights around the world, it stands against all forms of Modern Slavery and will work to ensure Modern Slavery will not find a foothold in its supply chains and business operations.

Throughout this statement, the reference to “Modern Slavery” includes slavery, servitude, forced or compulsory labor, and human trafficking. In addition, the reference to “extended workforce suppliers” and “extended workforce,” includes suppliers and supplier employees.



Our Business Structure and Operations

FSMA is a public company mutual organisation which, together with its controlled entity National Pharmacies Australia Pty Ltd, carries on business in Australia, providing Retail Community Pharmacy services, as a Community Service Obligation (CSO) Distributor and as an Optical Dispenser. FSMA has approximately 900 employees across Australia.

In summary, FSMA's operations are as follows:

FSMA operates 46 community pharmacies across Australia in South Australia, Victoria, and New South Wales.

As a Community Service Obligation (CSO) Wholesaler, FSMA's supply chain provides community pharmacies across South Australia and Victoria with one access point for approximately 3,000 Pharmaceutical Benefits Scheme (PBS) medicines. The CSO standards maintained by FSMA under the CSO deed, ensure the availability and supply of PBS

medicines to any community pharmacy across South Australia and Victoria, which underpins the government's National Medicines Policy. FSMA's CSO Distributor operations are based in Hendon, South Australia.

FSMA provides optical dispensary services to the public in conjunction with its community pharmacy operations. It currently provides optical dispensary services from 19 premises across South Australia.

FSMA plays a critical role in supporting the Australian healthcare industry to deliver better health care and well-being for the community, and in supporting the Government's National Medicines Policy. As in 2021-22, FSMA Group continued to work with its partners and suppliers to take steps to identify and address the risks of Modern Slavery in its operations and supply chain.

Our Governance

The FSMA Board is responsible for overseeing the performance and operations of the FSMA group, setting the values and governance framework, and monitoring FSMA's culture and compliance with its code of conduct. The Board is assisted by two Board committees and the Executive Leadership Team in discharging its responsibilities.

FSMA promotes a supportive, safe culture of honest and ethical behavior, employee well-being and corporate compliance, and good corporate governance. FSMA has the following internal policies in place which address these principles:

Our Policies



FSMA's Whistleblower Policy provides a framework for staff and others to raise concerns about misconduct or activities that do not comply with FSMA's policies and provides detail on our commitment to treat people with respect when they speak out if faced with integrity or other ethical concerns.

Employees are encouraged to make reports as early as possible and can raise matters of concern with individuals identified in the policy or by making an anonymous report to an independent third party. During the reporting period, FSMA did not receive any reports related to human trafficking or slavery and forced labour.

Our Training

At FSMA, we realise that policies alone are not sufficient. We engage with our people and train our team to ensure they are aware of our values and policy requirements.

All new employees to the business participate in mandatory onboarding programs including:

- Ethical Behaviour
- Code of Conduct
- Speak Up Whistleblower process
- Cyber Security
- Bullying, Harassment, and Discrimination

In addition, refresher training is conducted on a cyclical basis (eg Ethical Behaviour in the Workplace training every 12 to 18 months)

During this reporting period 93% of all employees completed all required training.

Our People

Most of FSMA’s people are employed directly and on permanent contracts and are covered by Awards and Agreements. Our people are employed across pharmacies, optical stores, a distribution centre, and our administration office, throughout South Australia, Victoria, and New South Wales.

On employment, each employee has their work rights as well as their work history verified as a condition of employment.

We believe this lowers Modern Slavery risks within the direct team. FSMA complies with all applicable legislative requirements and employment standards relating to the payment of minimum wages.

Therefore, operational risk assessments are focused on the areas of the business that use contracted or third-party labour providers.

As there is less direct visibility and control over these workers and their employment terms, these suppliers continue to be monitored through our Modern Slavery questionnaire every year.



Our people are employed across pharmacies, optical stores, a distribution centre, and our administration office, throughout South Australia, Victoria, and New South Wales.



Due Diligence Process For Modern Slavery

In the financial year 2023, FSMA continued to engage a third-party due diligence and risk assessment service provider CENTRL’s Modern Slavery Act compliance platform.

FY 2023 Actions Taken by FSMA

Supplier Risk Assessment Process We conducted risk assessments that included components specific to Modern Slavery across 150 Suppliers.	Risk Ratings We analysed the responses from each supplier and categorised the suppliers into High Risk, Medium Risk and Low Risk suppliers.
Issues and Remediation We identified Modern Slavery-related issues and gaps in our supply chain. We opened up two-way communication with our suppliers to further understand their business.	Contractor Management System FSMA has developed a contractor management system this year. We are in the process of implementing this system which requires all contractors engaged by FSMA to complete a Modern Slavery declaration.

FY 2023 Modern Slavery Assessment Details

FSMA continually assesses Modern Slavery risk in its supply chains. In financial year 2023, we extended our supplier risk assessments by completing a supply chain Modern Slavery risk assessment that included components specific to Modern Slavery. Our assessment processes involve review and analysis to identify higher-risk areas of our business based on external reports and standards, country and sector risk profiles, and input from experts in this area. In addition, to assess supplier-specific risk, we consider the industry, work type, geography, and supplier reputation, among other factors.

As a result of our financial year 2023 supply chain risk assessments, we worked with individual business units within FSMA and its entities to address identified risks and establish appropriate risk mitigation controls.

We continued our work in other higher-risk areas of our supply chain based on previous risk assessments. We further expanded and adjusted our ongoing supplier risk assessment tool to capture unique risks in our extended workforce supplier base.

Assessment Analysis

As part of the assessment process, suppliers complete a self-assessment questionnaire about their working conditions, their supply chain details, their policies, and management systems. The process also includes supplier background checks and examination of labour-related issues that appear in publicly available databases.

We are satisfied that all suppliers completing the questionnaire have processes in place to reduce their risk of Modern Slavery.

Total Suppliers Assessed	150
High Risk Suppliers	0
Medium Risk Suppliers	8
Low Risk Suppliers	27

Some suppliers did not respond to requests to complete our survey, despite follow-up. In those cases, we were able to gain considerable further insight by reviewing the supplier websites and their Modern Slavery Act Statements that had been submitted to the Australian Border Force website.

Through these supplier self assessments and desktop due diligence assessments we have determined that there are no significant issues requiring follow up.



Issues and Remediation Detail

All issues that are identified are documented and reviewed. We conduct extensive and documented follow-ups to address these issues.

We monitor the issues regularly until closure. In certain cases, we may decide to no longer pursue a relationship or to terminate our current relationship with a supplier.

All Issues identified during the 2023 Assessment cycle have either been closed or have an identified remediation action plan.

Assessing the Effectiveness of FSMA’s Actions

The continued use of CENTRL’s Modern Slavery Act compliance platform has increased engagement and awareness across FSMA and with our suppliers.

FSMA believes its efforts to date have been appropriate in helping reduce Modern Slavery.

Continuous Improvement

Over the next reporting period, FSMA will continue to build on the initial initiatives that have been implemented.

Through our actions and engagements, FSMA is aligned with the objectives of reducing Modern Slavery in its operations and supply chains.

FSMA will continue to facilitate our supplier-based questionnaire process.

We will endeavour to identify any gaps in these questionnaires and have two-way engagements with our suppliers to understand, educate and work with them to improve their management of Modern Slavery.

FSMA will continue to engage with and raise awareness of Modern Slavery across the business.

FSMA is committed to eradicating all forms of slavery from our supply chains and communities.

Approval of this Statement

This Statement has been approved by the board of FSMA on 30 October 2023 and is hereby signed by the Chairman of the Board.

Pauline Carr
FSMA Chairman

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